

Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

INFO AMEMBASSY QUITO

AMEMBASSY BUENOS AIRES

AMEMBASSY LA PAZ

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E.O. 11652: N/A

TAGS: EAIR, PE

SUBJECT: US-PERU CIVAIR DISPUTE

FOLLOWING IS TEXT US PAPER MENTIONED SEPTEL.

AFTER REVIEWING A MEMORANDUM PRESENTED TO DEPARTMENT BY PERUVIAN EMBASSY IN WASHINGTON WHICH SUMMARIZES AEROPERU'S LAST (FEB 17, 1975) PROPOSAL TO BRANIFF, WE HAVE SEVERAL QUESTIONS AND VIEWS, THE PERUVIAN RESPONSE TO WHICH IT IS HOPED WILL CLARIFY THE SITUATION AND POINT THE WAY TOWARD RESOLUTION OF THIS MATTER.

1. A NUMBER OF QUESTIONS ARISE WITH REGARD TO THE NUMBER OF FREQUENCIES AUTHORIZED TO CARRY TRAFFIC.

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A. THE AEROPERU PROPOSAL DOES NOT INDICATE HOW FREQUENCIES CAN BE INCREASED IN ORDER TO ACCOMMODATE GROWING TRAFFIC DEMANDS.

B. ON CERTAIN SEGMENTS, THERE ALREADY APPEARS TO BE A NEED FOR MORE FREQUENCIES THAN THOSE LISTED IN MEMORANDUM. SPECIFICALLY, PRESENT DEMAND INDICATES NEED FOR MORE THAN THREE BRANIFF FREQUENCIES BETWEEN LIMA AND LOS ANGELES AND SAN FRANCISCO AND MORE THAN FOUR BETWEEN LIMA AND SAO

PAULO AND RIO DE JANEIRO. THE POSSIBILITY OF PHASING IN SUCH INCREASES COULD BE CONSIDERED.

C. THE PROPOSAL THAT BRANIFF DECREASE FREQUENCIES CARRYING

TRAFFIC OR NOT OPERATE ANY SUCH FREQUENCIES WHEN AEROPERU BEGINS SERVICE TO THE POINTS IN QUESTION (I.E., NEW YORK, SAO PAULO, RIO DE JANEIRO, AND LA PAZ) PRESENTS DIFFICULTIES. WITH REGARD TO POINTS SOUTH OF LIMA (I.E., SAO PAULO, RIO DE JANEIRO, AND LA PAZ), THE POSSIBILITY OF QUOTAS WHEN AEROPERU BEGINS SERVICE COULD BE CONSIDERED. WITH REGARD TO NEW YORK, IT MAY BE HELPFUL TO KNOW HOW AEROPERU PROPOSES TO OPERATE SUCH A SERVICE INITIALLY AND SUBSEQUENTLY. FOR EXAMPLE, IF AEROPERU INTENDS TO OPERATE ON A MULTISTOP BASIS BETWEEN NEW YORK AND LIMA, ADDITIONAL FLEXIBILITY MIGHT BE GIVEN TO BRANIFF IN TERMS OF NONSTOP

NEW YORK-LIMA FREQUENCIES.

D. THE UNITED STATES ASSUMES THAT THE FREQUENCY LEVELS LISTED IN MEMORANDUM (PARA A, B AND C) REFER TO FREQUENCIES ON WHICH TRAFFIC MAY BE CARRIED AND THAT ADDITIONAL FREQUENCIES, NOT CARRYING THE TRAFFIC IN QUESTION, COULD BE OPERATED.

E. AEROPERU DOES NOT MENTION TOTAL FREQUENCY LEVELS NORTH OF LIMA AND SOUTH OF LIMA. IF SPECIFICATION OF SUCH TOTAL LEVELS IS FELT TO BE NECESSARY, THE U.S. WOULD WISH TO BE ADVISED BEFORE COMMENTING, BEARING IN MIND THE CONCERNS PREVIOUSLY EXPRESSED BY THE US WITH REGARD TO THE TOTAL LIMITED OFFICIAL USE

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LEVELS SPECIFIED IN THE PERMIT ISSUED TO BRANIFF IN OCTOBER 1974.

2. THE PERU AUTHORITIES HAVE TAKEN THE POSITION IN CONNECTION WITH BRANIFF'S CURRENT SERVICES THAT, WHERE A TRAFFIC RESTRICTION EXISTS, BRANIFF MAY NOT BOARD OR DEBOARD ANY TRAFFIC (OR ANY TRAFFIC IN EXCESS OF A QUOTA) AT THE POINTS IN QUESTION. IN CONNECTION WITH ANY NEW

AGREEMENT, THE UNITED STATES BELIEVES THAT, WHERE TRAFFIC RESTRICTIONS EXIST, THE AIRLINES SHOULD BE PERMITTED TO CARRY INTERLINE AND INTRALINE STOPOVER TRAFFIC AS WELL AS TRANSIT TRAFFIC, AT THE POINTS IN QUESTION.

3. WE UNDERSTAND THAT THE PERU AUTHORITIES HAVE TAKEN THE

POSITION THAT, WHERE BRANIFF OPERATES A FREQUENCY ON WHICH LIMA-US TRAFFIC MAY NOT BE CARRIED, THAT FREQUENCY MAY ALSO NOT CARRY TRAFFIC BETWEEN THIRD COUNTRY POINTS AND LIMA. SUCH A POSITION LIMITS BRANIFF'S ABILITY TO

OPERATE AS MANY FREQUENCIES BETWEEN THIRD COUNTRY POINTS AND LIMA AS THE PERU PROPOSAL WOULD OTHERWISE ALLOW. THE UNITED STATES BELIEVES THAT PERU SHOULD ALLOW THE CARRIAGE OF OTHERWISE PERMITTED THIRD COUNTRY TRAFFIC ON THESE FREQUENCIES IN ORDER NOT TO IMPEDE BRANIFF UNNECESSARILY.

4. AEROPERU PROPOSES THAT PASSENGER QUOTAS EXIST ON CERTAIN ROUTE SEGMENTS. THESE QUOTAS ARE EXPRESSED AS PASSENGERS PER FLIGHT. IF QUOTAS ARE ACCEPTED, THE UNITED STATES BELIEVES THAT THEY SHOULD BE EXPRESSED ON A QUARTERLY BASIS AND AT LEVELS SOMEWHAT HIGHER THAN THOSE SHOWN IN THE PERU PAPER.

5. THE POSSIBILITY EXISTS OF APPLYING QUOTAS TO AEROPERU BETWEEN US POINTS AND ARGENTINA, CHILE, BOLIVIA, AND BRAZIL TO COMPENSATE FOR QUOTAS WHICH MAY BE IMPOSED ON BRANIFF BETWEEN THESE COUNTRIES AND PERU. IF THE UNITED STATES DID NOT INSIST ON SUCH QUOTAS, THE VALUE TO AEROPERU COULD BE TAKEN INTO ACCOUNT IN TERMS OF CONCESSIONS IN FAVOR OF BRANIFF IN OTHER PARTS OF ANY OVERALL ARRANGEMENT.

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6. AEROPERU DOES NOT INDICATE THE PERIOD OF TIME DURING WHICH THE PROPOSED ARRANGEMENT WOULD APPLY, E.G., ONE YEAR, TWO YEARS, ETC. COMMENTS ON THIS WOULD BE APPRECIATED.

7. PERUVIAN EMBASSY'S REPORT OF AEROPERU PROPOSAL DOES NOT MENTION THE LIMA-SANTIAGO ROUTE SEGMENT. THE UNITED STATES ASSUMES THAT PERU CONTEMPLATES FIVE FLIGHTS FOR BRANIFF.

8. IS AEROPERU INTERESTED IN ANY COOPERATIVE ARRANGEMENT WITH BRANIFF, SUCH AS SHARED SPACE (BUT EXCLUDING POOLING)?

9. THE UNITED STATES ASSUMES THAT PERU PROPOSES TO ABANDON ANY ATTEMPT TO OBTAIN OTHER FORMS OF COMPENSATION

FROM BRANIFF. INGERSOLL

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